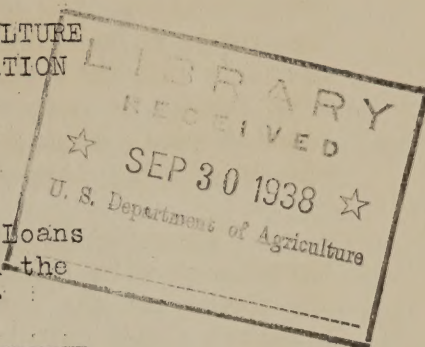


Issued September 14, 1938

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

Procedure for Liquidation of Wheat Loans
Where Wheat Collateral is Stored on the
Farm and is Abandoned or Damaged or
Threatened with Damage.

In executing the Wheat Producer's Mortgage (1938 CCC Wheat Form A), the producer agrees in section 4 that the Commodity Credit Corporation (hereinafter called the Corporation) may declare the loan secured by the mortgage due and payable: (a) When and so long as the average farm price of wheat as determined by the Bureau of Agricultural Economics of the United States Department of Agriculture shall be at or above parity as defined in the Agricultural Adjustment Act of 1938; (b) Upon discovery that the producer has made any misrepresentations in the mortgage or in connection with the loans; (c) Upon the discovery that wheat collateral is damaged or threatened with damage, otherwise impaired or abandoned; (d) Upon the filing by the producer of a petition in bankruptcy, or for a composition or extension of debts under the Bankruptcy Act.

In executing the Wheat Producer's Mortgage (1938 CCC Wheat Form A), the producer agrees under section 5 to deliver to the Corporation or its agent(s) at a designated shipping point, wheat of the quantity, grade, and subclass, as stated in the mortgage, and failing to make such delivery, the producer authorizes the Corporation or its agent(s), to the extent permitted by law, to enter on the premises and remove all of the wheat collateral, and the Corporation is authorized to pool or commingle said wheat with any other wheat held by it under any similar mortgages or loan agreements, including 1938 CCC Wheat Form B, and either by pool or separate contract to sell, assign, transfer, and deliver the wheat or documents evidencing title thereto at such time, in such manner, for cash or upon such terms or conditions as the Corporation may determine at any grain exchange or elsewhere or through any agency at public or private sale for immediate or future delivery and without demand, advertising, or notice of the time or place of sale or adjournment thereof or otherwise, and upon such sale the Corporation may become the purchaser of the whole or any part of such collateral secured.

In order better to protect the interest of producers, the Corporation and the Agricultural Adjustment Administration, it is necessary that representatives from the Agricultural Adjustment Administration, including members of State and county agricultural conservation committees (hereinafter referred to as State and county committees, respectively) maintain a careful supervision of all wheat loans including their inspection and liquidation where necessary.

Inspectors should be required to make periodic reinspection at intervals frequent enough to avoid losses from heating, insects and

other causes. The county committeemen should also inspect enough of the loans to be satisfied that the inspector has performed his duties properly and that the wheat collateral is not damaged or threatened with damage or otherwise impaired. It is desirable that the county committeeman, when making inspection, be accompanied by the inspector who originally inspected and sealed the wheat.

Wherever it is found that the wheat collateral is damaged or threatened with damage, or otherwise impaired, information concerning all phases of the loan should be obtained to be used as the basis of a report (1938 C.C.C. Wheat Form K - separate report for each bin) to be made by the county committees to their State committee as to the following items:

1. Condition of Granary. Report any condition of structure which does not fulfill the requirements set forth in Section 2 of the mortgage (1938 CCC Wheat Form A) and section 1(c)(C-2) of 1938 C.C.C. Wheat Form 1.

2. Condition of Wheat Collateral. Report condition of the wheat collateral and if questionable take another sample for testing and grading, also reporting results of previous test or tests.

3. Measurements and Quantity Determination. Remeasure the wheat and report both your measurements and determination and the inspector's original measurements and determination.

4. Loss of Wheat Collateral. Report whether or not there has been loss from forcible entry or loss caused by rodents, poultry, or livestock having access to the sealed wheat.

5. Recommendations. County committees should make their recommendations regarding all questionable loans, whether they should be called immediately or continued under close supervision.

Upon receipt of such a report (1938 C.C.C. Wheat Form K) from the county committee recommending the calling of any loan, the State committee shall, if it deems the recommendation justified, immediately approve and forward the same to the Corporation.

In those cases where the State committee disapproves the county committee's recommendation, or where the county committee has not recommended the calling of the loan, the State committee may direct its loan supervisor or one of its fieldmen to cooperate with the county committee in further periodic inspection of such questionable loan.

Upon receipt of a report from the State committee recommending that a loan be called, the Corporation will take such action as it deems necessary. If it decides to call such loan, it will execute and mail to the appropriate county committee an original and duplicate of 1938 C.C.C. Wheat Form 1, addressed to the producer, the original of which is to be delivered to the producer by the county committee either in person or by registered mail. The county committee will retain the duplicate thereof

for its file. A copy of this form also will be mailed by Commodity Credit Corporation to the appropriate State committee for its information.

The Corporation will also transmit to the county committee a copy of 1938 C.C.C. Wheat Form M which authorizes and directs the county committee to represent the Corporation in the collection of the amount due on the loan in question. After the county committee has delivered the original of 1938 C.C.C. Wheat Form L to the producer, it should proceed to collect the loan in full or to sell the wheat at the shipping point designated in section 5 of the mortgage. If the producer refuses to make delivery pursuant to the mortgage, the county committee may sell the wheat at the granary or, if necessary arrange for its transportation to a warehouse or other convenient shipping point, giving the producer a receipt for the number of bushels of wheat received.

The county committee shall submit to the Corporation at the appropriate loan agency of the Reconstruction Finance Corporation through which the loan was made, a complete report on 1938 C.C.C. Wheat Form N covering each loan so handled, indicating such shortages, if any, as may occur. With this report, there shall be forwarded the entire net proceeds of the sale of the wheat collateral by postal money order or cashier's check, made payable to the Corporation which will be credited against the producer's loan. A copy of this report shall also be mailed by the county committee to its State committee.

In the event the net proceeds are in excess of the principal amount due on the loan, plus interest and other charges, the overplus will be remitted directly to the producer by the Corporation. If the net proceeds are insufficient to meet the loan, plus all charges, the county committee shall indicate in its report (1938 C.C.C. Wheat Form N) complete information as to whether the producer may have made a misrepresentation in connection with his wheat loan which would subject him to civil liability under the provisions of the mortgage or to criminal liability under the provisions of the United States Criminal Code.

Should the county committee have reason to believe that such liability exists, it shall request the producer to pay the balance due on the loan in full, including hauling, delivery, and all other charges which may have been incurred.

If the producer is unable to pay, or refuses to pay, any balance due on his loan, the county committee shall report the same with complete particulars to the State committee and the Corporation. Upon receipt of such information, the Commodity Credit Corporation may request the Secretary of Agriculture to make set-off and pay such deficiency from the proceeds of any benefit payments due the producer.

Expenses of county committeemen incident to the supervision and liquidation of these loans are not to be deducted from the sales proceeds of the wheat.

Copies of 1938 C.C.C. Wheat Forms K, L, M, and N are attached for your information. The State committees should mimeograph and distribute a sufficient number of copies of Form K to handle the work in their respective States. The other forms will be furnished by Commodity Credit Corporation as needed.

Claude B. Wickard
Director, North Central Division.

APPROVED:

COMMODITY CREDIT CORPORATION

By (Signed) John D. Goodloe
Vice President

1938 CCC WHEAT FORM K

STATE _____

COUNTY _____

DATE _____

To: _____
Chairman, State Agricultural
Conservation Committee

Re: Wheat Loan No. _____ Am't \$ _____
Seal(s) No(s) _____

Name _____

Address _____

Dear Sir:

The following is our report relative to the above-captioned wheat loan:

1. Condition of granary:
2. Condition of wheat collateral: (a) Original Test _____ Percent Moisture;
Grade _____ Sub-Class _____ .
(b) Present Test (if any) _____ Percent moisture _____ Grade _____
3. Measurements and Quantity Determination:
(a) Original:
(b) Present:
4. Loss of wheat collateral:
5. Recommendation:

NOTE: Mail two copies of this report to the State Committee and one to Commodity Credit Corporation in care of the Loan Agency of Reconstruction Finance Corporation serving the area.

County
Agricultural Conservation Committee

By _____

(Address)

1938 CCC Wheat Form L

Date _____

To _____, Producer

You are hereby advised that your wheat loan note dated _____ in the principal amount of \$ _____ is hereby declared to be immediately due and payable. There is also due on said note, to and including the above date as interest thereon, the sum of \$ _____ and \$ _____ for insurance charges, plus the charges and expense in connection with the delivery and sale of the wheat collateral in accordance with the terms of the chattel mortgage securing said note. The daily accrual of interest and insurance charges is \$ _____ to the date funds from the sales proceeds of the wheat, or otherwise, are actually available to the Federal Reserve Bank or Branch thereof serving the district in which the wheat is stored.

Our records indicate said note is secured by wheat collateral in the amount of _____ bushels situated on the following premises:

in _____ county, State of _____ and that on the maturity of the note you will, at your expense, deliver the wheat collateral to the following shipping point: _____.

Pursuant to Section 5 of said chattel mortgage, you are hereby directed to deliver the wheat collateral in accordance with instructions from the County Agricultural Conservation Committee, which, acting as representative of Commodity Credit Corporation, will deliver this notice to you. In the event of your refusal to act as directed by such representative, the representative is authorized to take such action as is necessary to complete the sale and delivery of the wheat including the hauling of the wheat to the designated shipping point. All such costs shall be a charge against the wheat. Your attention is called to Section 9 of the chattel mortgage (1938 CCC Wheat Form A) as to the penalty imposed by reason of your failure to deliver wheat of the quantity, grade and sub-class set forth in such chattel mortgage.

The sales proceeds of the wheat will be applied in payment of your note, together with interest thereon and insurance and other charges, including the costs in connection with the sale and delivery of the wheat. Any over-plus will be returned to you.

County Agricultural Conservation Committee

By _____

COMMODITY CREDIT CORPORATION

By _____, Agent
(Manager _____ Loan Agency
Reconstruction Finance Corporation)

1938 CCC Wheat Form M

Date _____

To: _____ County
Agricultural Conservation Committee.

Dear Sirs:

Enclosed is a letter directed to _____
(Name of Producer)
_____, relative to Wheat Loan Serial No. _____
(Address)

_____, in the principal amount of \$ _____

secured by _____ bushels of wheat, which you are authorized and requested to deliver immediately to the designated producer. This letter declares his note to be immediately due and payable.

Any member of your Committee is hereby authorized and requested to represent Commodity Credit Corporation in the liquidation of this loan. You are to proceed at once with the collection of this loan in full, or otherwise to sell the wheat at the elevator, shipping point, or such other point as the producer delivered it; or, if the producer refuses to make delivery pursuant to the chattel mortgage, you are requested to sell the wheat at the granary, or if necessary, arrange for the transportation to and the sale of the wheat at the shipping point. Kindly furnish the producer a receipt as to the number of bushels actually measured out if sold at the granary, or the actual weights if sold at the shipping point. Upon the sale of the wheat, you shall remit the entire net proceeds (after payment of hauling, labor, and other expenses) to the Loan Agency of Reconstruction Finance Corporation at the point from which your instructions originated. Receipts evidencing payment of any expenses in connection with this loan shall be submitted with 1938 CCC Wheat Form N. In the event the producer fails to deliver and refuses to permit the County Committee to take possession of the wheat, full information should be furnished to the Loan Agency of Reconstruction Finance Corporation for the institution of foreclosure proceedings.

You are to submit with such proceeds, a complete report in duplicate on each loan so handled, on 1938 CCC Wheat Form N, indicating whether there was a shortage, and if so, your opinion and the reasons therefor concerning the cause of the shortage. If the circumstances indicate that the producer should pay the deficiency, secure payment of the same if possible. Should any case arise in which the producer is unable to pay the deficiency and refuses to comply with the above request, report such information in full to this office, in order that Commodity Credit Corporation may request the Secretary of Agriculture to set off and pay the deficiency pursuant to the authority granted by the producer in Section 9 of the chattel mortgage (1938 CCC Wheat Form A).

COMMODITY CREDIT CORPORATION

By _____, Agent
(Manager _____ Loan Agency
Reconstruction Finance Corporation)

To: _____ Manager
Reconstruction Finance Corporation
Loan Agency _____

Dear Sir:

The original of 1938 CCC Wheat Form L was delivered to _____
_____, the producer
named therein on _____. Pursuant to your request
on 1938 CCC Wheat Form M for proceeding with the collection of this loan, the
following information is submitted:

Sales Report:

Expenses:

Amount of wheat sold _____ bushels Hauling _____
Grade and Subclass _____ Labor (analyze) _____
Price per bushel \$ _____ Travel _____
Total sales proceeds \$ _____ Time consumed _____ hours.

(In case delivery is not made by
producer, attach receipts evi-
dencing payment therefor.)

The price for such wheat at the shipping point named by the producer
in Section 5 of the chattel mortgage as of the date of 1938 CCC Wheat Form L
addressed to such producer was \$ _____ per bushel.

Enclosed is a Cashier's check or Postal money order for \$ _____
in payment for the wheat.

Remarks regarding shortage of wheat to supply information upon which to
base a request for offset or a claim for recovery under Commodity Credit Cor-
poration insurance policy:

Note: Mail copy of this report
to State Committee
Expenses of County Committeemen
incident to the liquidation of these
loans are not to be deducted from the
sales proceeds

County
Agricultural Conservation Committee

By _____

(Address)

